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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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April 21, 2014

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director



SUBJECT: **INTERGOVERNMENTAL TRANSFERS FOR FISCAL YEAR 2013-14**

On April 9, 2013, your Board authorized the Department of Health Services (Department) to make intergovernmental transfers ("IGTs") of up to \$5.0 million to fund supplemental Medi-Cal payments to those hospitals which had been impacted by the closure of King/Drew Medical Center. It separately authorized the Department to make IGTs to fund supplemental Medi-Cal payments to Silverlake Medical Center, which has been taking patients from LAC+USC Medical Center to ease crowding there.

As a condition for accepting the IGTs for FY 13-14, the State is, for the first time, requiring the County to agree to hold it harmless in the event that CMS disallows or defers the federal payments on the grounds that the County's funds are not eligible for match. Because the State will pay the providers before the federal deferral or disallowance would occur, this additional requirement means that the County could be responsible for the whole amount of the expected federal funds. However, we believe that the likelihood of this happening is very small, because the Department will only transfer eligible funds. Moreover, the State has agreed to try and recover from the providers before it looks to the County. Given this limited risk, we intend to accept this new term, unless we hear otherwise from the Board by Tuesday, April 29, 2014.

In order to get the payments to the providers this fiscal year, DHS will need to respond to the State by Tuesday, April 29, 2014. If you have any questions, please contact Allan Wecker at (213) 240-7882.

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c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors